The Current State of Natural Gas Infrastructure in New York - Can Supply Meet Demand?

Multiple Intervenors’ Annual Meeting

Stephen Leahy
Northeast Gas Association
About NGA

- Non-profit trade association
- Local gas utilities (LDCs) serving New York, New Jersey, New England, Pennsylvania
- Several interstate pipeline companies
- LNG importers (Distigas, Repsol) and LNG trucking companies
- Over 350 “associate member” companies, from industry suppliers and contractors to electric grid operators
- www.northeastgas.org
NGA’S ANTITRUST COMPLIANCE PROCEDURES

Adopted by the NGA Board of Directors on June 4, 2003

Objective

The Northeast Gas Association (NGA) and its member companies are committed to full compliance with all laws and regulations, and to maintaining the highest ethical standards in the way we conduct our operations and activities. Our commitment includes strict compliance with federal and state antitrust laws, which are designed to protect this country’s free competitive economy.

Responsibility for Antitrust Compliance

Compliance with the antitrust laws is a serious business. Antitrust violations may result in heavy fines for corporations, and in fines and even imprisonment for individuals. While NGA’s attorneys provide guidance on antitrust matters, you bear the ultimate responsibility for assuring that your actions and the actions of any of those under your direction comply with the antitrust laws.

Antitrust Guidelines

In all NGA operations and activities, you must avoid any discussions or conduct that might violate the antitrust laws or even raise an appearance of impropriety. The following guidelines will help you do that:

- Do consult counsel about any documents that touch on sensitive antitrust subjects such as pricing, market allocations, refusals to deal with any company, and the like.

Continued on NGA web site...

http://www.northeastgas.org/about-nga/antitrust-guidelines
Topics

- State natural gas system overview.

- Demand sectors show steady growth – utility system expansion, power sector. Gas provides balance as partner with renewables.

- Supply/production on the increase nationally and regionally.

- Uncertainty of state regulatory review on proposed infrastructure projects.
New York State Natural Gas System

Gas = **37%** of primary energy

Gas = **59%** of home heating

Gas = **57%** of power gen

**5 million** gas customers

Annual consumption is **1.3 Tcf** per year, 4\textsuperscript{th} in the U.S.

**Production** is 13 billion cubic feet annually

**Underground storage** capacity is 246 Bcf, or **2.7%** of U.S.
Gas Customer Base in Region Continues to Grow

Natural Gas = +1 million
Heating Oil = -1.4 Million
Oil to Gas Conversions: NYC cleanheat

NYC “Clean Heat” initiative encourages phasing out the use of #4 and #6 oil in city buildings.

In the past five years (2011-2016), Con Edison has converted more than 6,500 large buildings in New York City to natural gas. The conversions have reduced emissions of more than 500 tons of fine particulate matter on annualized basis, equivalent to eliminating the particulate emissions from 1.6 million cars.

Since 2011, National Grid has converted ~500 buildings from #6 and #4 oil to natural gas – in its NYC footprint in Brooklyn, Queens, and Staten Island.
Backbone of NY Power System

- Natural gas = 57% of current operating capacity and over 50% of proposed new generation capacity (source: NY ISO, Power Trends 2017).

- Fast-starting gas enables and supports increasing role for renewables on the grid.
Northeast States Lead U.S. in Gas Efficiency Investments

9 Northeast states = $519 million investment in 2016

Equal to 39% of U.S. total of $1.3 billion

NY State investments total $158 million, 3rd highest in U.S.

Projected Energy Growth, Mid-Atlantic / New York

Projected Growth in Consumption by Fuel Type, Mid-Atlantic, 2015 - 2040

Projected Growth in New York State Natural Gas Consumption, 2005 - 2035

Source: U.S. EIA, “2017 Annual Energy Outlook,” 1-17
Project Review in New York: Some Recent Examples

**Delayed DEC review but now under construction:**
Dominion’s New Market Project

**Granted DEC certificates:**
Millennium’s Eastern System Upgrade
Enbridge’s Atlantic Bridge Project

**Denied DEC certificates, being challenged by project developers:**
Williams’ Constitution Pipeline
National Fuel Gas Supply’s Northern Access Project

**FERC determined waiver of DEC authority to act on the application:**
Millennium’s Valley Lateral Project
The Impacts of Delay

- Added project costs.
- General economic impacts.
- Uncertain business environment.
- Reliability concerns.
- Environmental impacts – “backsliding”.
Supply on the “Doorstep” Continues to Grow

Northeast region producing ~23 Bcf/d. Further growth expected.

PA is now 2nd largest gas producing state in U.S.
Summary

- Gas utilities in NY continue to see growth on systems and to plan infrastructure investments to meet that growth.

- Natural gas continues to be essential part of state’s power system – and helps balance / enable increasing renewable additions.

- Additional pipeline infrastructure needed to meet NY’s gas demand. State policy encourages gas utility expansion. Gas continues to fill power sector need even as emphasis on renewables grows.

- Delays in the state regulatory process in NY regarding natural gas infrastructure inject uncertainty into the market.